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The Competition Law

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Jordan enacted its Competition Law in 2004. The law came into force on the date of its publication in the *Official Gazette* on September 1 2004 and replaced the Temporary Competition Law of 2002. Before 2002, there was no specific legislation governing competition in Jordan.

The law applies to all production, commerce and services in the Kingdom of Jordan and all economic activities outside the country that have a direct effect in Jordan.

The Committee for Competition Matters and the Competition Directorate

The Competition Law established the Committee for Competition Matters, which is responsible for presenting opinions and advice on the general plan for competition, as well as reviewing matters related to the Competition Law, including draft laws and regulations.

The law also created the Competition Directorate in the Ministry of Industry and Trade, which has the following duties and responsibilities:

- Contributing to the general competition plans and legislation.
- Promoting, protecting and encouraging free competition.
- Gathering information and conducting investigations to uncover any violations of the competition rules.
- Issuing opinions on matters related to its activities.
- Cooperating with similar bodies outside of Jordan in exchanging general information and data.

Anti-competitive practices

Any practices intended to prevent fair competition, and deemed in contravention of the Competition Law, are prohibited, especially those aiming to fix the prices or quantities of

products; share the market on the basis of geographical regions; set barriers to the entry of new enterprises, thus eliminating them; or collude in bids by over- or under-bidding with the intention of preventing competition.

An enterprise that is dominant in the local market is also subject to the provisions, and is prohibited from discriminating against customers or preventing them from dealing with any competing enterprise. Any attempt to monopolise the resources necessary to a competing enterprise with the intention of manipulating market prices is also prohibited.

The resale of a product below its natural price (dumping) is prohibited if the action is intended to limit competition. Any violation of this provision will result in the fine of between JD200 (\$282) and JD20,000. The provision does not apply to perishable goods, or to sales with the intention of liquidating a business or to restock at lower prices.

Economic concentration

Any activity resulting in the full or partial transfer of ownership, interest, property, rights, shares or obligations from one enterprise to another is considered an operation of economic concentration.

If the economic concentration would result in the enterprise holding a dominant position in the local market (40% or more of the total local market transaction) then the enterprise must first receive approval from the Minister of Industry and Trade. This may be obtained by submitting a petition to the Competition Directorate, on the form adopted by the Ministry of Industry and Trade. The form must include copies of the articles and memoranda of the enterprises concerned; a copy of the agreement of concentration; a list of the most important products and services provided by the concerned enterprises; a report of the positive effect of the operation on the market; financial statements of the most recent fiscal years of the concerned enterprises; a list of shareholders and partners of the concerned enterprises; a list of officers and members of their management boards, as well as members

of the board of directors; and a list of branches of each enterprise.

The Competition Directorate must publish an announcement regarding the petition in two daily newspapers at the expense of the applicant. The Minister of Industry and Trade may then approve the operation so long as it does not negatively affect competition, or if the suggested economic benefits outweigh the latter. The Minister of Industry and Trade may also allow the operation to continue provided that the enterprise agrees to meet the minister's conditions.

Jurisdictional matters

The Court of First Instance can hear cases related to any violations of the Competition Law. Any cases concerning inconsistencies with the competition provisions must provide evidence derived from: the Minister of Industry and Trade's decision on the recommendation of the director, enterprises from the private sector, licensed consumer protection associations, at least five consumers who have suffered harm, chambers of commerce and industry, and professional and syndicate organisations.

The court may then allow an order of declaration to show the extent of damages resulting from the breach of the Competition Law, order a removal of the violation within a period set by the court, and set a suitable penalty for the violators.

An officer of the Competition Directorate carries out the necessary investigations and may:

- Enter, during daily working hours, commercial establishments, offices and stores to conduct inspections and searches.
- View and seize documents, records and files, or obtain copies or photos of these files.
- Question people suspected of violating the Competition Law, and record their testimony in transcripts issued for that purpose.

Any person who prohibits an officer from carrying out his duties, or destroys or conceals documents, may be fined between JD500 and JD5,000.

Financial and corporate

Recommended firms

Tier 1

Ali Sharif Zu'bi Advocates and Legal Consultants

Tier 2

Dajani & Associates
Khalifeh & Partners
Obeidat & Freihat
Rajai KW Dajani & Associates

Tier 3

Dallal & Associates
IBLaw
Ibrahim Bakr Law Office
Nabulsi & Associates
Office of Anis F Kassim

"It's been sheer madness," says a Jordanian partner of his year. The country's markets have experienced heightened activity, stemming particularly from the real-estate and construction sectors. Jordan is particularly attractive to its regional neighbours in the Gulf States, who have channelled billions of petrodollars into the country's economy.

Jordan has implemented a number of PPP projects to cover its growing need for development in waste-management and infrastructure. Lawyers in the country anticipate a boom in transport-sector financing, not only as a result of the massive privatised expansion programme for the Queen Alia International Airport, but also in relation to a number of upcoming light-rail and buses projects.

Nevertheless, some have questioned the sustainability of this growth - among them Morgan Stanley-owned ratings company MSCI-Barra, which plans to downgrade Jordan's status from an emerging market to a frontier market, amid fears about its restrictive investment framework. But the country is keen to address these concerns: the prime minister, Nader Dahabi, is expanding the role of the Jordan Investment Board, whose function is to stimulate foreign investment into the jurisdiction.

Ali Sharif Zu'bi Advocates and Legal Consultants

Jordan's clear market leader, Ali Sharif Zu'bi Advocates and Legal Consultants, had another busy year as the firm engaged in a string of project finance deals for foreign investors. Department head Khaled Asfour and Iyad Zawaideh are advising Aéroports de Paris, Joannou & Paraskevaides Group and others on the expansion of Queen Alia International Airport, on a build-operate-transfer (BOT) basis, a project valued at \$700 million. The

firm itself has also seen expansion - adding another three senior associates and an associate to its team in the past year

Another BOT project to employ the firm's counsel is the financing for the construction of a \$600 million water pipeline from Disi to Amman. The firm is representing the International Finance Corporation (IFC) and Oversea Private Investment Corporation (Opic) on the project finance. On the oil-and-gas side, Aqaba Petroleum Company instructed the firm in relation to an agreement to develop and operate an oil refinery.

Outside of project finance, the firm was involved in the IPO of Royal Jordanian Airlines. The airline went public in November 2007, raising \$300 million, in a listing which was a milestone for the country's extensive privatisation programme.

One client of the firm says: "They did a good job; they were responsive and just gave very good service."

Leading lawyers

Khaled Asfour
Iyad Zawaideh

Dajani & Associates

Dajani & Associates holds its position in the rankings this year on the basis of positive feedback from the market. Rajaie Kamal Dajani is noted for his efficiency, commitment and tenacity in reaching solutions. Peers have noted the general quality of the firm, which has particular expertise in banking and privatisation.

Leading lawyers

Rajaie Kamal Dajani

Khalifeh & Partners

With recommendations from peers and clients, Khalifeh & Partners moves up to the second tier this year as the firm was noted for its quality of work and increased presence in significant transactions in the country. Khaldoun Nazer, who heads the firm's corporate department, was praised as a lawyer who "has a good commercial sense" and applies a thorough and methodical approach to transaction documentation.

The firm represented three Middle Eastern companies in their acquisition of Jordan's electricity distribution company and 55.4% of the share capital of Irbid Electricity Distribution Company, with a total value of \$104 million. The firm has also been busy in real estate, and recently advised Jordan Dubai Properties in matters pertaining to its resorts in Debeen, the Dead Sea and Wadi Rum. This

was followed by the firm acting in relation to a \$100 million real-estate project in Ramallah.

On the banking side, the firm advised Kingdom Electricity in connection with a \$63 million syndicated loan facility to finance acquisitions in electricity-generation companies. Microsoft, McDonald's Jordan and Unilever are among the firm's blue-chip corporate clients.

Leading lawyers

Khaldoun Nazer

Nabulsi & Associates

This year saw one of Nabulsi & Associates' key partners, Lana Salameh, leave to start a new practice and explains the firm's move down to the third tier. Omar Nabulsi is respected by peers and described as a fine lawyer by many. The firm's specialities include international transactions, banking and foreign investment.

The firm has a healthy balance of domestic and international clients. Local and regional clients include Jordan Phosphate Mines, Cairo Amman Bank and the Jordan Industrial Estates Corporation. Examples of the firm's international base are the International Finance Corporation, Sony and Diageo.

Leading lawyers

Omar Nabulsi

Obeidat & Freihat

Obeidat & Freihat is considered even by peers of one of the top firms in Jordan. "Obeidat is the firm we run into the most in the big transactions," says a rival. Thamer Obeidat is the firm's key lawyers and is seen acting on many of its headline deals. The firm's significant clients include MTC, a Kuwaiti telecoms company which has operations in 20 countries, and Saraya Holdings, a real-estate business chaired by the son of Lebanese ex-premier Rafik Hariri. MTC has enlisted Obeidat as regional counsel in more than one country.

Leading lawyers

Thamer Obeidat

Rajai KW Dajani & Associates

Rajai KW Dajani & Associates holds a favourable position in the rankings, having acted on several noteworthy projects in the oil-and-gas industry. For example, the firm is assisting StatoilHydro in negotiations with the Ministry of Energy and Natural Resources for a concession to exploit the Al Risha gas fields in Jordan. In the same industry the firm acted for a consortium of companies in

relation to its bid to buy a 51% stake in the Jordan Petroleum Refinery Company. The investment is expected to be worth \$2 billion.

The quest by foreign companies to acquire natural resources in Jordan has led to various instructions for the firm, including the acquisition of mining rights by Cemex, a UK cement group. The firm has advised Cemex in relation to due diligence and the drafting of agreements.

In a joint initiative by the Jordanian and US governments, the firm won an enviable mandate to advise a US-based company on a venture to create a \$250 million fund to provide loans to low-income residents to finance home purchases.

Leading lawyers

Rajai KW Dajani
Yousef Khalilieh

Dallal & Associates

Partner Mubadda Dallal and his colleagues at Dallal & Associates worked on a number of secured facilities on behalf of companies such as Saudi Oger, where the financing arrangements exceeded \$1.2 billion. The firm also acted for a consortium of banks in relation to other secured facilities amounting to \$45 million. Fortis Bank, ABN Amro and Bank Med are just a handful of banks that make up the firm's bank clientele.

The firm frequently acts for inbound Middle Eastern investors such as Global Investment House, a Kuwaiti asset management business. It advised Global Investment House in connection with a transfer of an \$85 million seed portfolio of a London-listed investment fund. Dallal & Associates' recent roles on energy-related investments in the country include representing Saudi Oger and National Power in their bid to develop independent power project in Jordan valued at around \$650 million. The firm also has represented other Middle Eastern clients such as Gulf Finance House.

Leading lawyers

Mubadda Dallal

Other notable firms

A&T Najdawi Law Office is a firm with a growing presence in Jordan. The firm assisted in establishing the Jordanian Airport Company, a vehicle set up to own and operate the country's airports. It also advised The United States Agency for International Development and Jordan's ministry of finance in the creation of the new Organic Budget Law of Jordan.

Senior partner Salah Basheer left IBLaw to join the government as minister. It is a sizably-staffed firm, making it one of the larger firms in Jordan. The firm may expect to rise up the ranks in the coming year as the firm's visibility in the market increases. "I've been increasingly running into them in deals," commented a competitor.